



### Q1 2021 Nigerian Market Wrap

The NSE ASI lost **-3.04%** in Q1 2021 with a corresponding value on the index of **39,045.13** as at 31 Mar 2021. For Q1 2021, the Banking Index was down **-5.94%**, the Consumer Goods Index was down **-5.30%**, the Oil and Gas Index was up **17.54%** and the Industrial Goods Index was down **-7.92%**. Best Performers included LASACO, CHAMPION, GUINNESS, MORISON and MBENEFIT. Worst Performers included SUNASSUR, JAPAUFGOLD, FTNCOCOA, DAARCOMM and ABCTRANS. We summarize the performance of the market for Q1 2021 below and present some of the major highlights in the quarter.



Fig1: Q1 2021 NSE ASI Performance

PERFORMANCE INDICATORS				
INDICATOR	2021: OPEN	31-Mar-21	31-Dec-20	Change
NSE All-Share Index	40,270.72	39,045.13	40,270.72	-3.04%
Market Capitalisation (N'bn)	21,057	20,429	21,057	-2.98%
NSE BANKING	393.02	369.67	393.02	-5.94%
NSE PENSION	1,388.64	1,362.60	1,388.64	-1.88%
NSE CONSUMER GOODS	573.35	542.94	573.35	-5.30%
NSE OIL & GAS	226.2	265.87	226.2	17.54%
NSE 50	1658.56	1574.76	1658.56	-5.05%
NE INDUSTRIAL	2,052.33	1,889.76	2,052.33	-7.92%
NSE PREMIUM	3,470.77	3,242.52	3,470.77	-6.58%

NSE 30	1,640.11	1,555.92	1,640.11	-5.13%
Total Volume for the Quarter Ended ('m)		31,472.87	39,153.87	-19.62%
Total Value for the Quarter Ended (N'm)		339,612.49	417,851.40	-18.72%

**Table 1: Performance Indicators for Q1 2021**

### What Happened in Q1 2020?

#### January

The ASI was up **+5.32%** in the month of January whilst trading volumes was mostly driven by block trades. The momentum towards the end of 2020 was minimized going into 2021 as investors tried to assess and understand the direction and outlook for the market. The key question on the mind of the local institutional investor was understanding the outlook of interest rates whilst for Foreign portfolio investors, they were interested in our outlook for the USDNGN and FX liquidity within that space. Our expectation was that interest rates in the fixed income space would correct to the upside by 300/400bps noting that the monetary and fiscal policy makers would prefer to borrow cheap and in single digits in 2021 and potentially look to tap the Eurobond market if borrowing in the local market was getting too expensive. The single largest transaction for the month was a cross of 755m UPDCREIT at N5.50 worth \$21.3m. This was done by locals. International investors continued to remain on the sell side and locals were on both sides. Locals dominated market participation, accounting for about 65% of the flow in our view.

#### February:

The ASI lost **-6.16%** in February which was motivated by the rapid upward move in interest rates that had not been anticipated. We had expected a correction but not a sharp one. This caused local investors to switch their attention to the Fixed income market. Rates in the fixed income space started to inch higher and we started seeing investors taking profit from some of the positions they had taken in equities to take advantage of the rate correction. Foreign investors remained largely quiet or net sellers in the market. We saw locals taking positions at lower prices ahead of expected dividends but there were no aggressive buyers in the market. Investors continued to wait at the lower end of the market to get stocks via block transactions.

#### March:

The ASI shed **-1.90%** in March. The downward pressure continued with demand waning in the equity space as investors sought better yields in the fixed income space. We saw some investors switching out of equities to take advantage of fixed income instruments. We also started seeing FY results released by listed companies but reactions from investors were generally muted outside of the likes of ZENITHBANK and STANBIC IBTC who posted impressive corporate actions. Market activities were driven largely by block transactions and these were mostly in the banking space, consumer space and the Oil and gas sector. Post results, there was no new major catalyst and the market was generally bearish and on some other days, flat. We must highlight that generally, corporate actions from listed companies were impressive despite the COVID-19 Pandemic.

**Best Performers**

S/N	Stock	31-Mar-21	31-Dec-20	% Change
1	LASACO	1.29	0.35	268.57%
2	CHAMPION	2.25	0.86	161.63%
3	GUINNESS	33.90	19.00	78.42%
4	MORISON	0.86	0.49	75.51%
5	MBENEFIT	0.46	0.27	70.37%
6	NCR	2.79	1.96	42.35%
7	BOCGAS	13.61	9.57	42.22%
8	LIVESTOCK	1.92	1.39	38.13%
9	SEPLAT	550.00	402.30	36.71%
10	ACADEMY	0.41	0.30	36.67%
11	REGALINS	0.30	0.22	36.36%
12	SMURFIT	0.26	0.20	30.00%
13	NEM	2.30	1.79	28.49%
14	LINKASSURE	0.66	0.52	26.92%
15	WAPIC	0.50	0.40	25.00%
16	UACN	9.00	7.25	24.14%
17	SOVRENINS	0.24	0.20	20.00%
18	PORTPAINT	2.93	2.46	19.11%
19	UNITYBNK	0.75	0.64	17.19%
20	STANBIC	51.25	44.05	16.35%

**Worst Performers**

S/N	Stock	31-Mar-21	31-Dec-20	% Change
1	SUNUASSUR	0.66	1.00	-34.00%
2	JAPAUFGOLD	0.41	0.62	-33.87%
3	FTNCOCOA	0.46	0.66	-30.30%
4	DAARCOMM	0.21	0.30	-30.00%
5	ABCTRANS	0.30	0.38	-21.05%
6	DEAPCAP	0.20	0.25	-20.00%
7	INITSPLC	0.42	0.52	-19.23%
8	SCOA	2.38	2.93	-18.77%
9	UBA	7.05	8.65	-18.50%
10	VANLEER	6.70	8.20	-18.29%
11	CONOIL	17.05	20.85	-18.23%
12	WEMABANK	0.57	0.69	-17.39%
13	STERLN BANK	1.70	2.04	-16.67%
14	UPL	1.07	1.28	-16.41%
15	OANDO	3.11	3.70	-15.95%
16	ETI	5.05	6.00	-15.83%
17	AFRIPRUD	5.35	6.25	-14.40%
18	NB	48.50	56.00	-13.39%
19	FCMB	2.90	3.33	-12.91%
20	NEIMETH	1.95	2.23	-12.56%

Table 2: Best and Worst Performers for Q1 2021

**Outlook for Q2 2021**

Full year reporting is largely out of the way and investors would have either banked or have positioned to bank their dividends and bonuses. Investors would now be looking at Q1 results which should kick off 3 – 4 weeks from now as the possible next trigger for the market. If interest rates in the fixed income space do not trend higher from current levels, we expect that investors would continue to balance their portfolios by maintaining a healthy position in equities as a way to maximize returns on their book. We expect the market to stay resilient and give room for some recovery, albeit a slight one.